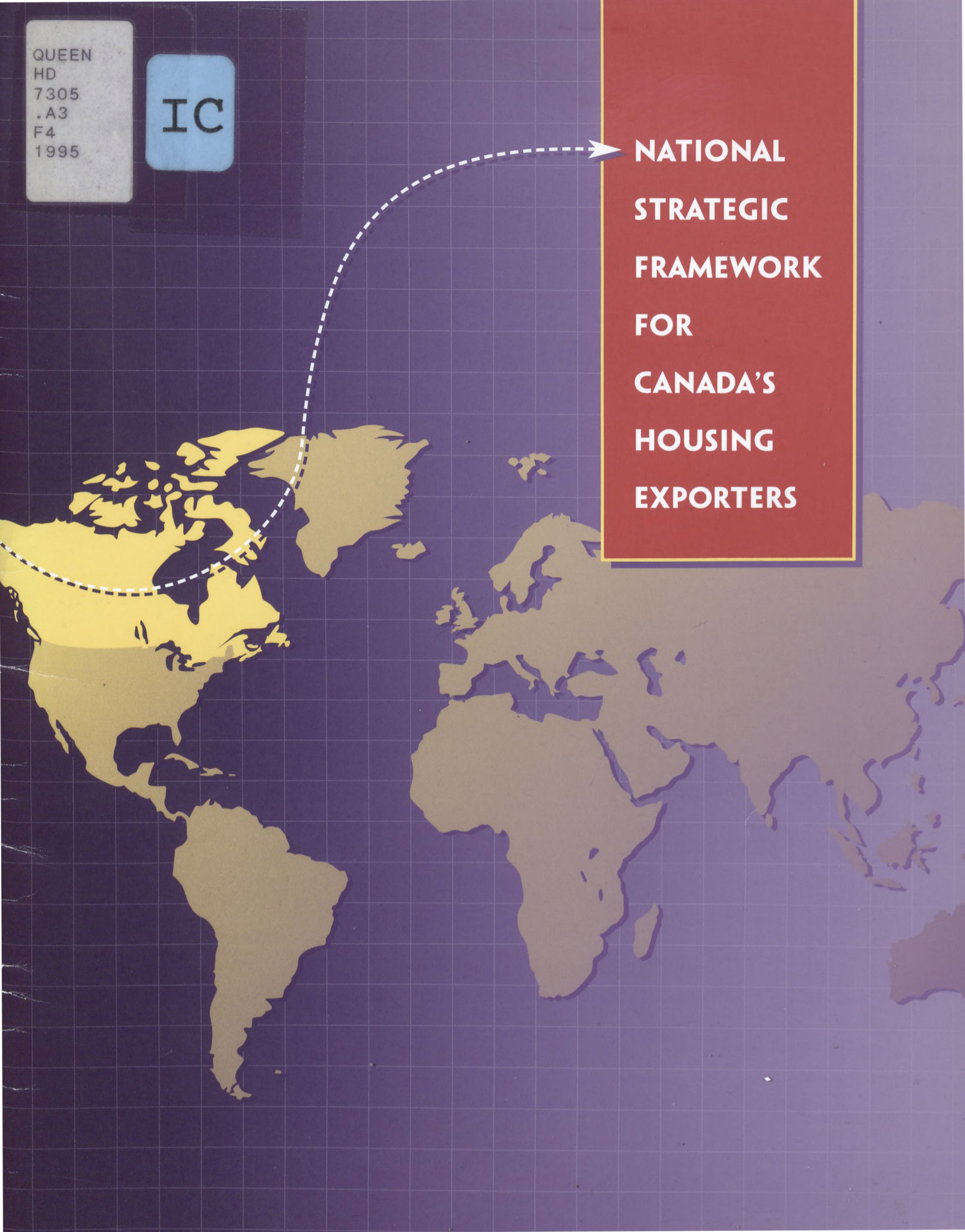


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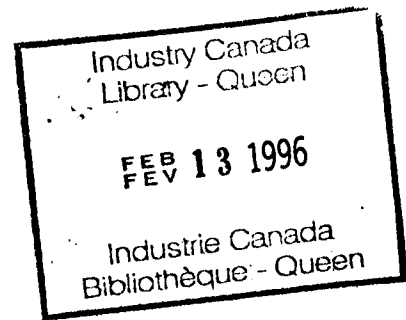
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NATIONAL STRATEGIC FRAMEWORK FOR CANADA'S HOUSING EXPORTERS

Report of the Federal Housing Export Strategies Task Force



Team Canada • Équipe Canada



Canada Mortgage and Housing Corporation

Industry Canada

Department of Foreign Affairs and International Trade

National Research Council

Natural Resources Canada

Cette publication est aussi disponible en français sous le titre :
***Cadre stratégique national à l'intention des exportateurs
canadiens du secteur de l'habitation, PF 0180***

CONTENTS

ACKNOWLEDGEMENTS	i
INTRODUCTION	1
BACKGROUND	2
Housing Export Issues	2
Competition for Global Housing Markets	3
Canada's Housing Export Capabilities	4
NATIONAL STRATEGIC FRAMEWORK FOR CANADA'S HOUSING EXPORTERS ...	4
Strategic Objectives	4
Strategic Directions	5
<i>Export Awareness</i>	5
<i>Export Readiness</i>	6
<i>International Recognition</i>	6
<i>International Acceptance</i>	6
Housing Export Targets	7
Sector-Specific Export Strategies	7
Market-Specific Export Strategies	8
FEDERAL ROLE IN SUPPORTING CANADA'S HOUSING EXPORTERS	9
<i>Export Awareness</i>	9
<i>Export Readiness</i>	10
<i>Trade Promotion and Market Access</i>	11
<i>Export Financing</i>	11
FUTURE WORK	12
Immediate Next Steps	12
<i>Research and Strategic Information</i>	12
<i>One-Stop-Shopping Access</i>	12
<i>Housing Export Database</i>	12
<i>National Housing Team</i>	13
Sector and Market-Specific Export Strategies	13

ACKNOWLEDGEMENTS

The strategic framework that is outlined in this document is a partial response to the Canadian housing industry's request for strategies to help exporting firms to better address international housing opportunities. This preliminary work was undertaken under the auspices of the Task Force on Housing Export Strategies, which included representatives of Canada Mortgage and Housing Corporation, Industry Canada, Department of Foreign Affairs and International Trade, National Research Council, and Natural Resources Canada.

The Task Force conducted its work with the benefit of input and advice from additional organizations with substantial export mandates or interests. These included the Export Development Corporation, Canadian Commercial Corporation, Federal Business Development Bank, Canadian International Development Agency, Atlantic Canada Opportunities Agency, Western Economic Diversification Canada, Canadian Exporters' Association and the Canadian Bankers' Association. Provincial trade and housing ministries also provided suggestions so that the proposed national framework would be consistent with provincial policies and programs.

The final stage of the current work involved returning to the industry that had initiated the process through its various national associations. The following associations were approached for their review, input and suggestions: Canadian Home Builders' Association, Canadian Manufactured Housing Association, Association de la construction du Québec, Association of Consulting Engineers, L'association provinciale des constructeurs d'habitations du Québec, B.C. Shake and Shingle Association, B.C. Wood Specialties Group Association, Canadian Construction

Association, Canadian Housing and Renewal Association, Canadian Institute for Steel Construction, Canadian Institute of Plumbing and Heating, Canadian Kitchen Cabinet Association, Canadian Portland Cement Association, Canadian Real Estate Association, Canadian Sheet Steel Building Institute, Canadian Window and Door Manufacturers Association, Clay Brick Association of Canada, Council of Forest Industries of British Columbia, FIABCI/Canada, The Royal Architectural Institute of Canada, Siding and Window Dealers Association of Canada, Urban Development Institute Canada, Wood Products Group and The Wood Panel Bureau.

The Task Force would like to express its appreciation to individuals and organizations that contributed to the development of the national strategic framework outlined in this document.

INTRODUCTION

International business is key to creating jobs and sustaining economic growth in Canada. As domestic demand for housing declines, success in foreign markets will be increasingly important for the industry's long-term vitality and viability. Significant export opportunities exist for the Canadian housing industry which produces a highly sophisticated, well integrated system of building products, technologies, and services. This housing system, and its component parts, is as exportable as any other high technology, value-added commodity that Canada has to offer the world. The work of the Task Force on Housing Export Strategies is a reflection of the importance of the housing sector to the domestic economy and the need for the industry to better take advantage of international housing opportunities.

The strategic framework proposed for Canada's housing industry reflects the overall approach that the Task Force believes will be most effective in developing Canada's international housing markets and in improving the performance of Canadian housing exporters over the next decade. Because of the scope of the industry that includes **low, middle and high-rise site builders and renovators, manufacturers of housing and housing components and service providers such as architects, engineers, developers and consultants**, the framework that follows has been developed at a high level and only briefly refers to the particular strategic approaches that may be needed by exporters from different segments of Canada's housing industry to respond to specific housing opportunities in individual international markets.

The overall strategic directions that are proposed for Canada's housing exporters are shaped by factors both in Canada and abroad:

- Domestic considerations include the nature, structure and scope of the industry; its current export interests and activities, its capacity to meet international requirements; its perception of relevant export issues; its ability to compete internationally; and the exporting experiences, capabilities and preparedness of the firms that comprise the industry.
- Relevant external factors include the nature of foreign housing opportunities, sources of external housing demand, the diversity of foreign clients, general trends and emerging developments that can affect housing exports, and the comparative strengths and strategies of major foreign competitors.

The following diagram sets out the main elements of the overall housing export strategy development process that commenced in 1994. This document addresses the second phase of this comprehensive multi-stage endeavour.



In sum, this report sets out the overall strategic approach that the Task Force believes should guide the Canadian housing industry's international commercial endeavours in the foreseeable future. It provides the framework and the point of departure for future work that will focus on developing export strategies for specific segments of the industry and for priority international housing markets. Lastly, it provides a context within which the Task Force's future efforts and resources can be directed.

BACKGROUND

Housing Export Issues

The strategic framework proposed in this document is industry-driven: it responds to the Canadian housing industry's request for strategies to help it become more competitive internationally. The framework is a first step toward these strategies. It is based on the results of the Task Force's private sector consultations throughout the industry to:

- ❑ enhance awareness of the impact of international trade on Canada's housing industry;
- ❑ discuss the costs and benefits of pursuing housing opportunities beyond Canada's borders;
- ❑ obtain different perspectives on issues associated with doing business internationally;
- ❑ ascertain priorities among the export issues identified; and
- ❑ promote discussion of strategic alternatives for responding to international housing opportunities.

The industry's views were obtained through written submissions, in-depth interviews with major Canadian housing exporters and meetings held in major cities across the country. The perceptions, experiences and advice that were expressed to Task Force

members during the consultations were analysed and are summarized in a report that was distributed to all individuals and organizations that participated in the consultations. This report provided the point of departure for, and is the test of relevance of, the strategy development work to be undertaken in the next phase of this project.

Participants in the consultations recognized that exporting is essential to the continued viability of Canada's housing industry and that Canada has world class housing whose price and quality can compete in most markets. They agreed that many of Canada's housing technologies, products and services are appropriate, or are easily adapted, to the demand in most international markets. These participants believed that Canadians are well regarded abroad and that all else being equal, many potential foreign clients prefer doing business with Canadians.

These participants were quick to point out, however, that a favourable international predisposition toward Canadians does not ensure exports. It was considered, for example, that many firms in the industry were not well informed about potential export opportunities, had imprecise knowledge about available support and resources, and were uncertain about how to proceed to pursue specific export opportunities. It was also believed that the industry as a whole did not have a good appreciation of what it had to offer internationally and that generally speaking, it had not made a commitment, allocated resources or taken specific steps toward becoming export active. Experienced and prospective exporters alike agreed that certain key issues needed to be resolved before Canada could benefit more fully from existing and emerging housing export opportunities.

The consultations revealed that successful foreign housing exporters appeared to have a good working knowledge of their own national priorities, goals and activities internationally and that they seemed to have a

good sense of how their activities were related to their national exporting endeavours. It was also apparent that consistently successful foreign housing exporters developed their export plans and activities within national strategic frameworks that were supported by both government and industry.

The industry consultations confirmed that significant housing opportunities existed abroad and that Canada's housing industry was under-exporting in relation to its potential. The consultations, moreover, concluded that the gap between current housing export levels and the industry's export potential could be bridged by:

- ❑ single-source access to information about government and non-governmental export assistance and support;
- ❑ better and more timely data and analysis of housing export opportunities and market conditions;
- ❑ improved coordination of public and private export-related activities;
- ❑ reliable information on what foreign competitors are doing and how they do business; and
- ❑ access to export financing and other resources that are needed to transact business internationally.

Competition for Global Housing Markets

The most active international housing markets are dominated by a few countries. United States-based firms are prominent in almost all key international housing markets, and British, French and German companies have major regional interests. Austria, Finland, Turkey and Egypt have housing export interests and activities that are generally limited to adjacent countries. Major housing exporting countries typically have the capacity to form closely-knit national teams to address foreign housing, commercial, institutional, infrastructure and

engineering requirements even though individual firms in the consortium may be highly specialized.

None of the major housing exporting countries appear to be implementing explicit housing export strategies. However, their governments clearly have overall national export policies, and private housing export endeavours appear to be aligned closely with the thrust of government policy. As well, the activities of major international housing exporters reflect:

- ❑ well-established exporting traditions;
- ❑ direct and indirect support from national governments and institutions;
- ❑ strong national presence and profile in target markets;
- ❑ coordination of commercial and non-commercial relations;
- ❑ extensive teamwork within the housing industry as well as with other national exporters; and
- ❑ well-developed export financing capabilities.

Strong housing exporting countries have national trade policies and export objectives that are well supported by their governments, public institutions and the private sector, notably the financial community. Exporting firms in the main housing exporting countries tend to be large organizations with extensive resources, and it is apparent that they operate with good knowledge of the overall export policies, strategies and objectives of their respective governments.

Support extended by major exporting countries to national housing exporters includes strong governmental advocacy, which is practiced as a central role of government in the economy, from the senior political levels through to the daily activities of their bureaucracies. The main areas for advocacy in international housing markets include:

- ❑ coordinated efforts to open markets and ensure continued market access to national exporters;
- ❑ concerted efforts to ensure that potential foreign markets are aware of what their country's firms have to offer;
- ❑ assistance in securing specific contracts;
- ❑ specialized programs for export market training and readiness;
- ❑ cross-government coordination of policy and practice as it relates to exports, including the designation of an administrative focus for export-related information of all kinds;
- ❑ provision of general market intelligence, information and alerts, often in collaboration with non-governmental trade organizations, academic institutions and others; and
- ❑ active collaboration between central governments and other levels of government, trade associations and chambers of commerce or their equivalents at the national, regional and local levels.

Canada's Housing Export Capabilities

Canada's housing export potential encompasses the institutions, technologies, experience and expertise. It includes the many products and services that enter into the production of housing of all kinds and the capacity to supply international markets with housing systems. This potential includes Canadian construction machinery and equipment, Canada's housing finance system, building codes, product and production standards, and the many elements and processes that have shaped the Canadian housing industry's domestic capabilities and the standard of housing that Canadians enjoy.

In addition, the Canadian housing industry has extraordinary depth that should be emphasized in its international marketing efforts. This means emphasizing that Canada's housing industry can:

- ❑ deliver abroad, as is or in suitably modified form, a range of proven and cost-effective housing alternatives;
- ❑ provide completed houses, individually or in communities, with all of its associated infrastructure; and
- ❑ supply any mix of building components or services that foreign clients require, including those needed to renew, renovate, rehabilitate and retrofit existing housing or to convert non-residential buildings into dwellings.

NATIONAL STRATEGIC FRAMEWORK FOR CANADA'S HOUSING EXPORTERS

Strategic Objectives

The overall objective of the framework proposed in this document is to establish broad strategic directions to enable Canada's housing industry to improve its export earnings as well as its share of housing exports worldwide over a ten-year period. The approach being proposed focuses on the housing industry's export strengths and on the industry's most promising export markets. In addition, the strategic approach outlined in this paper is intended to:

- ❑ provide a coherent, consistent and focused Canadian approach to international housing markets;
- ❑ position Canada's housing industry favourably in relation to existing and new housing export opportunities;

- clarify the roles of key domestic participants in Canada's housing export process, including the private sector, governments and the non-profit sector;
- provide a context for deploying the government's housing-related export support activities and resources; and
- provide a framework within which to develop sector- and market-specific housing export strategies.

Strategic Directions

Because international trade serves important public policy objectives, governments actively support the endeavours of Canada's exporters in ways that need to be renewed from time to time to ensure that they are appropriate and well targeted. Federal and provincial governments are also major players on Canada's exporting scene because of the importance of international trade to the country's overall economic well being and performance. They also support Canada's exporters because governments of the world's principal exporting countries play significant roles in furthering the interests of their respective exporters. The strategic framework proposed in this document for Canada's housing industry, therefore, envisages public-private collaboration and close cooperation among participants at all stages of the export cycle.

The strategic approach proposed for Canada's housing industry reflects the need for cooperation among Canada's housing exporters and coordination of the activities of all parties concerned. A team approach is required to promote adherence to a common purpose and continuity over time to the industry's international endeavours. It provides opportunities to pool resources, implement complementary efforts and exploit synergies and it permits the attainment of the critical mass and mix of experiences and capabilities

that are needed to initiate major projects. It facilitates the formation of partnerships and opportunities for risk-sharing and can provide valuable learning experiences that can be shared within the industry.

The Task Force recommends a four-part strategic approach to significantly increase the benefits of the Canadian housing industry's international activities to the industry as a whole, the firms that comprise it and Canadians generally. In sum, the strategic framework that is proposed for Canada's housing industry entails taking the cooperative and coordinated steps that are needed to:

- improve the industry's **export awareness** and substantially increase the number of firms endeavouring to become export active within the near term;
- increase the industry's **export readiness** by extending the number of firms with the necessary attributes, resources and capacities to be competitive internationally within a short-to-medium time frame;
- enhance the industry's **international profile and recognition** within the medium term; and
- improve the industry's **international acceptance and performance**, in the longer term. This will entail increasing not only the industry's export volume, but more importantly, its market share over a ten-year time frame.

Export Awareness

Becoming more export aware is the initial step that Canada's housing industry needs to take to become more export active in due course. Being export aware entails having a sound basis for making informed decisions about whether to export, and if so, what and where to export. The industry's level of export awareness will be governed by:

- ❑ the availability of good information and analysis on potential foreign housing opportunities and housing market conditions;
- ❑ the industry's in-depth knowledge about its export potential and its capacity to respond to international housing demand; and
- ❑ the industry's understanding of the export activities and strategies of its principal international competitors.
- ❑ support the international commercial endeavours of export ready Canadian firms or alliances of firms in appropriate international fora; and
- ❑ maintain and expand access to international housing markets.

Export Readiness

Export readiness relates to the point at which prospective exporters have the background, capacities, resources and commitment to be competitive internationally. From the industry's perspective, attaining a high degree of export readiness entails:

- ❑ increasing the number of firms in the industry with the production capacity, export strategies, business skills, financial and other resources and a strong senior management commitment to exporting; and
- ❑ making available appropriate support mechanisms to firms that wish to export, including export training programs, reports and intelligence on specific housing opportunities, trade development programs and services, technical support programs and export financing.

International Recognition

The Canadian housing industry's favourable positioning in relation to international housing markets and opportunities implies that it has taken the necessary steps to be highly visible in targeted international markets and is recognized in these markets as a reliable and competitive supplier. International recognition entails taking the cooperative steps needed to:

- ❑ promote, in a coordinated way, the industry's international capabilities;

International Acceptance

Acceptance in the marketplace is the test of the Canadian housing industry's foreign competitiveness and performance. It can be impeded, however, in a number of ways. Advocacy on behalf of the industry could reduce these impediments through:

- ❑ opening doors for Canadian entrepreneurs by establishing working relationships with foreign housing agencies, regulatory authorities, institutional buyers and the like; and
- ❑ making representation on behalf of the industry in foreign capitals, before international financial institutions and in other fora in which housing export decisions are made.

Financing will often be the deciding factor in sealing specific export transactions. In the face of strong competition from other international suppliers, Canada's housing exporters need to be knowledgeable about and fully utilize, Canada's export financing, the financial capacities of Canadian and international financial institutions, and financial resources in the importing country. Canada's housing exporters also need to exercise creativity in helping foreign buyers to purchase Canadian goods and services through such measures as:

- ❑ maximizing the use of Canadian housing export assistance and programs;
- ❑ promoting cooperative arrangements in Canada and in the importing countries; and
- ❑ considering repayment alternatives, such as countertrade, or accepting equity in lieu of cash payment.

Housing Export Targets

The strategic framework outlined in this report is targeted to firms at all stages of the export cycle. Thus, the four elements of the proposed strategic approach should be pursued simultaneously as much as possible. However, individual strategic elements will not be equally important nationally at any given time and their relative importance will change over the ten-year time frame over which the proposed strategic framework extends.

Even in the absence of information and analysis to support objective housing export targets, Task Force members agreed to propose global export targets. They also acknowledged that future work on export strategies for specific industry components or particular geographic markets will suggest targets that will vary across the industry as well as between individual housing export markets. The foregoing notwithstanding, Task Force members considered that desirable and feasible national targets for the industry as a whole should:

- increase the industry's export awareness and readiness in the short run with a view to increasing the number of export active firms in the industry by 20 percent in the next three years;
- improve the industry's capacity to respond to international housing opportunities within the medium term. This would entail increasing Canada's housing export volume in both existing and new markets beyond the federal government's annual 10 percent growth target for all Canadian exporters within the next five years; and
- make Canada's housing industry an acknowledged, major player internationally so that Canada is regularly included on the short list of competitive international suppliers of housing systems, products and services.

An appropriate ten-year goal might, therefore, be to double Canada's current share of international housing-related business.

Sector-Specific Export Strategies

The strategic framework outlined above is industry-wide in scope. However, it explicitly provides for export strategies to improve the positioning of particular segments of the industry. The Task Force has determined that three major sectors are relatively homogeneous in terms of their export-related circumstances and experiences, and recommends the development of export strategies for each of these sectors:

- ***Manufacturers of housing and housing components.*** These are among the industry's longest established and most experienced exporters and account for most of Canada's housing exports at the present time. Generally, this segment of the industry has developed export markets by expanding first to border states, other parts of the US market and then overseas. Competition in the USA is typically intense, owing to an entrenched domestic industry. Offshore, a major difficulty is most likely to be product acceptance which can be facilitated by coordinated efforts to secure foreign recognition of Canada's codes and conformity assessment system, regulatory and technical bodies. Entry into the international market for manufactured housing components is most likely to be secured through price competitiveness, quality and performance, technical credibility, appearance, innovativeness, promotion, product recognition and post-sales service and follow-up. The tangible nature of products suggests that trade fairs, exhibitions and demonstrations provide an effective way to promote and market them internationally.

- **Site builders and renovators** make housing happen and they do this by assembling, coordinating and integrating the many elements and activities that are involved in the provision of housing. This segment of the industry requires the most complex export strategies because of the many and varied entrepreneurial elements involved, complex approval processes that may be required, and usually mixed clienteles that may include the private sector, governments and their agencies or institutions. Market entry is most likely to be effective if accomplished through demonstration and the recognition abroad of Canadian regulatory and technical bodies. Site builders and renovators have good potential to leverage the use of Canadian products and services in their projects, and for this reason, their activities are pivotal to this industry's future export growth.
- **Providers of housing-related services.** Firms in this segment of the industry typically secure foreign market acceptance through reputation, competition or association with known nationals. International exposure is key for service providers such as planners, architects, engineers and project managers. However, association with specific projects or project teams can be a productive strategic approach in cases such as the building trades. The service sector can also be instrumental in leveraging the use of Canadian building components in foreign housing projects.

Market-Specific Export Strategies

The most important immediate international housing markets for Canada are the USA, Japan and Western Europe. Mexico, China, South Africa, Central and Eastern Europe and the Pacific Rim offer good mid-term prospects for Canada's housing exporters. In the longer

term, the remaining Asian countries and Latin America are likely to provide important sources of international housing demand.

Diversity in the international marketplace makes it clear that Canada's housing exporters need to focus on markets in which they are most competitive. It is also apparent that specific market characteristics will determine the most appropriate export strategies and these will need to reflect the level of market development, the nature and extent of housing demand, and local financial circumstances, business cultures and practices, regulatory regimes and institutions. In addition, market-specific export strategies may vary depending upon whether foreign mass or niche markets are being targeted. Also, strategies may need to be adjusted, depending upon whether Canada's housing exporters are selling to foreign private or public sector clients.

From a housing perspective, there are four broad classes of markets, each requiring specific, and perhaps unique, strategic approaches:

- **Traditional markets**, such as the USA, Japan and Western Europe have well-developed domestic housing industries and strong export capabilities. Housing export strategies that are targeted to these markets need to be strongly private-sector oriented, address strong biases in favour of the domestic industry and meet or surpass stringent domestic codes and standards. The USA, Japan and Germany are preferred markets for Canadian housing exporters and are expected to remain so for the foreseeable future. Apart from being hard currency markets, Germany and Japan provide intermediate access to potentially lucrative markets in continental Europe and the Asia-Pacific region, respectively.
- **Emerging markets** in Asia, Mexico, Latin America, South Africa and the Middle East are associated mainly with industrialization that is broadly based.

Housing opportunities, therefore, involve all aspects of housing and cross-cut both niche and mass markets. Mexico is particularly noteworthy in its own right because of NAFTA and because it provides a gateway to Latin America. Strategically, Canadian housing exporters need to be prepared to deal with bureaucracies and private entrepreneurs, accommodate significant cultural, business and other differences, and adapt Canadian housing to local needs and conditions.

- **Transitional economies** in Central and Eastern Europe and Asia have significant housing needs that are unlikely to be resolved without substantial external involvement and support. Housing export strategies targeted to transitional countries will, therefore, be intermixed with technical cooperation or assistance in developing market institutions and technology transfer. Because Canada's exportable housing technologies and institutions are likely to be unfamiliar, these strategies will also need to emphasize joint venturing, training and demonstration.
- **Underdeveloped markets** are those in which housing demand is mainly associated with externally financed resources, and industrial or infrastructure development. Notwithstanding serious housing needs, there is almost no domestic housing demand. Export strategies targeted to these markets need to take a long-term view and focus in the near and middle terms on helping to establish housing institutions, codes and standards and introducing and adapting Canadian housing technologies to address local housing needs. Canadian aid objectives and resources should be explicitly considered in developing housing export strategies for underdeveloped markets.

FEDERAL ROLE IN SUPPORTING CANADA'S HOUSING EXPORTERS

The national strategic framework proposed for Canada's housing industry is predicated on the development of partnerships between governments, the private sector and others with housing or exporting mandates, experience or expertise. In this partnership, the role of the private sector is to provide the impetus and driving force. Housing associations can play important roles in representing the industry's export-related needs domestically and its interests and capabilities internationally. The public sector's role is generally to facilitate the Canadian housing industry's international endeavours by:

- creating the business environment that will allow the housing industry to realize its export potential;
- ensuring that export support programs and assistance are appropriate and address the real needs of Canada's housing exporters;
- supporting the Canadian housing industry's export strategies in ways that are appropriate; and
- helping Canadian housing exporters compete on the same basis as their foreign competitors.

Export Awareness

General and specific international market information that is of interest to both new and existing exporters is available through the domestically-based activities of Canada's Department of Foreign Affairs and International Trade and its posts abroad. This information and analysis is disseminated through the International Trade Centres and Industry Canada's Business Service Centres in each province. Actual and potential housing

exporters can also retrieve market information directly through DFAIT's Infocentre, Electronic Bulletin Board or Faxline services.

Other key federal departments and agencies can also play important roles in improving the housing industry's awareness of export opportunities. These include Industry Canada, Canada Mortgage and Housing Corporation, National Research Council and Natural Resources Canada, which have been instrumental in shaping the industry's domestic capabilities.

Because access to timely, reliable and relevant information, and analysis on priority housing markets is crucial if the industry is to be export aware, the Task Force considers that basic housing export-related information and advice should be readily available throughout the industry. A single federal point of access, centred at Canada Mortgage and Housing Corporation, would facilitate the industry's access to:

- ❑ information and analysis that can be widely used throughout the industry to help the industry and the firms that comprise it determine how to develop their export potential or pursue their export interests;
- ❑ sources of export-related information in the public sector, including information on export assistance, services and resources;
- ❑ information on developments, trends and issues that have potentially significant implications for foreign housing markets and the ability of Canadian firms to operate in these markets; and
- ❑ key data and analysis that are either targeted to high priority markets, address gaps in existing information or have the potential to generate private interest and activity.

Export Readiness

Export readiness involves the acquisition of specific capabilities that are needed before entering the international marketplace. They are, typically, acquired domestically in cooperation with the sector organizations, trade associations, the research community, private consultants and others. Its principal aspects include:

- ❑ having access to the skills training that the exporter needs to do business in specific foreign markets. The Forum for International Trade Training Inc. and the Federal Business Development Bank can be helpful in acquiring these exporter skills;
- ❑ knowing to what extent the goods or services being exported conform to the requirements, codes and standards in the target market. NRC's Institute for Research in Construction and the Standards Council of Canada have relevant roles to play in this regard; and
- ❑ possessing the appropriate management and financial capabilities before venturing into the international marketplace.

Export readiness is primarily attainable within the industry, but is also supported by assistance from the Department of Foreign Affairs and International Trade and Industry Canada in helping would-be exporters to assess their requirements and acquire the necessary business skills needed to conduct business abroad. Support is also available from the National Research Council to help ascertain specific international technical requirements, the conformity of a prospective exporter's products or services to specific foreign market requirements and any modifications that may be required. Planning is also underway at Canada Mortgage and Housing Corporation to initiate work on

export guides that will inform Canada's housing exporters on a wide range of issues that need to be considered and addressed before they can conduct business in foreign housing markets.

Trade Promotion and Market Access

Federal departments and agencies play important roles in supporting the industry's efforts to acquire profile, recognition and acceptance in the international marketplace. The Department of Foreign Affairs and International Trade has primary responsibility for promoting the expansion of Canada's international trade and this is increasingly being done in partnership with other federal departments and agencies whose activities include assisting the industry's international marketing initiatives, promoting the introduction of exportable products and services into international markets and improving access to international markets through multilateral and bilateral trade negotiations.

The federal government deploys Trade Commissioners and Commercial Officers in embassies and consulates worldwide as well as staff at International Trade Centres in Industry Canada's Regional Offices across Canada. These trade officers help Canadian exporters find foreign buyers, manage and arrange trade shows and work to resolve market access issues. They also have important roles to play in identifying Canadian firms that are capable of responding to specific international opportunities.

The Program for Export Market Development is the federal government's primary export market development program. It is managed by the Department of Foreign Affairs and International Trade and is delivered by both DFAIT and Industry Canada which also has responsibilities for industrial development and sourcing in Canada and for industrial reconnaissance abroad. The National Research Council and the Standards Council of Canada

also play key roles in supporting the international recognition of Canadian codes and standards and product acceptance.

Promoting the industry's export capabilities internationally is a way of following up on Canada's reputation as being among the world's best housed countries and helping to ensure that Canada makes the short list of suppliers that are considered by foreign buyers. Promotion of the industry's export capabilities is supported by all departments and agencies represented on the Task Force and this is pursued by establishing working relations with foreign housing agencies, regulatory authorities and institutional buyers and by pursuing advocacy on behalf of the industry in foreign capitals, before international financial institutions and in other international fora in which housing export decisions are made.

Export Financing

Export performance is determined in large measure by the availability of export finance and finance-related services. This is an evolving area in which significant changes, such as the increased targeting of federal assistance to small and medium-sized enterprises, are underway. The following organizations are major participants in the area of housing finance:

- ❑ The Export Development Corporation provides medium-to-long term financing to foreign buyers of Canadian goods and services. It can insure virtually any type of export, protecting the exporter's receivables against losses caused by commercial or political events. EDC fulfills its mandate through the provision of risk management products and services, including credit financing and guarantees.
- ❑ The Federal Business Development Bank helps small and medium-sized companies in a position to expand through exports by providing financing that complements services available from other financial

institutions. The Bank provides specialized financing to small and medium-sized businesses in the form of term loans, venture loans, venture capital or working capital, as well as training, counselling and monitoring programs. Loans may also be provided to undertake new marketing initiatives, modify or expand product lines, or finance increased inventory and accounts receivable.

- The Canadian Commercial Corporation assists Canadian exporters selling to foreign governments or international organizations by acting as a prime contractor for the purposes of a particular sale. Its participation provides Canadian suppliers with the backing of their own government. This enhances the supplier's credibility and competitiveness in the customer's eyes and can lead to improved contract and payment terms. Services to exporters include assisting with bid preparation and negotiation and addressing the working capital demands of an export sale, including pre-shipment financing. Advantages to the foreign buyer include a guarantee program performance, access to Canadian technology and the Corporation's expertise in administering and monitoring projects.

FUTURE WORK

Immediate Next Steps

The Task Force concluded that the industry should be aware of, and have access to, the results of work to date, including decisions made in response to export issues raised during the Task Force's consultations with housing industry representatives.

Research and Strategic Information

Immediate follow-up to the development of the national strategic framework for Canada's housing exporters will include the publication of research and analysis undertaken to support the Task Force's work to date. This will include an overview entitled *Canada's Exportable Housing*, which is intended to make foreign buyers aware of what Canada's housing industry has to offer.

Other research publications will also become available at or about the same time and will include:

- *Overview of Housing Export Opportunities for Canadians.*
- *Competition for Global Housing Markets.*
- *Directory of Sources of Support for Canada's Housing Exporters.*

One-Stop-Shopping Access

The industry's request for a single point of entry federally for new and existing Canadian housing exporters is currently being addressed. For example, consideration is currently being given to establishing a 1-800 service at CMHC that would allow firms in the industry to direct their enquiries to a single source within the federal system and have their enquiries addressed quickly. This initiative is currently being evaluated as an interim measure, pending the possible establishment of a national housing export centre at CMHC which would offer new and existing housing exporters with access to federal export-related information and services that are not provided elsewhere federally or provincially.

Housing Export Database

Current efforts to develop a database of Canadian housing exporters will be accelerated and will complement the

information that is currently available in the WinExport and Business Opportunities Sourcing System databases. A database of exportable Canadian housing technologies, systems, products and services will also be expanded to include all segments of the industry. These initiatives are expected to be used to:

- ❑ promote networking among Canadian housing exporters;
- ❑ source export ready Canadian suppliers of housing systems, products and services; and
- ❑ identify firms for the purposes of team-building to take advantage of specific housing export opportunities.

National Housing Team

Federal resources will remain seriously constrained in the foreseeable future and, as a result, federal export assistance will need to be continuously redirected to highest priority areas. New federal international business development initiatives include the formation of National Sector Teams which will develop and implement sectorally-focused trade strategies and plans. These teams will operate

within the context of Canada's International Business Strategy (CIBS), and will contribute actively to the development of sector-specific chapters of the CIBS. Sub-sector teams will be formed where warranted.

In this regard, housing industry representatives will be engaged to participate in the work of a national sub-sector team for housing. This housing team will be formed to review international trends and developments, help identify priorities and help develop federal responses to international housing opportunities. The team will also advise on, and help determine, the allocation of available federal international business development resources, and this allocation will be reflected in the residential construction component of the CIBS chapter that is dedicated to the construction products and services sector.

Sector and Market-Specific Export Strategies

Completion of the *National Strategic Framework for Canada's Housing Exporters* will initiate the final phase of the housing export development process that is outlined in the following diagram.



Future work, conducted under the general guidance of the Task Force, will be undertaken jointly with the appropriate industry associations and others with specific housing or export experience and expertise. This work will be pursued simultaneously and will focus on developing export strategies for:

- ❑ Specific segments of the industry, including manufacturers of housing and housing components, site builders and renovators, and suppliers of housing-related services.
- ❑ Canada's most important or promising housing export markets. This will entail assessing market opportunities in high priority international housing markets, including the USA, Japan, Europe, Mexico and China. In the coming years, all of Canada's most promising international housing markets will be investigated and potential housing export opportunities will be evaluated from Canada's perspective.

New research and analysis will be undertaken into housing export opportunities in priority international markets and into areas that will help Canada's housing exporters to be more competitive in these markets.

- ❑ Research will be initiated into the short-to-medium term export growth prospects for Canada's housing and the kinds of government and other support that would be most effective in helping to realize the Canadian housing industry's export potential.
- ❑ Work will also be initiated to improve the Canadian housing industry's export readiness. This work will entail engaging experts over the next two to three years to develop housing export guides that will inform potential exporters of the key aspects of doing business in priority housing markets.

Work has already been undertaken to identify federal, provincial and other resources that can support the Canadian housing industry's export strategies. Future efforts in this area will, therefore, focus on gaps in current support and identify resources that might be redirected to better address the needs of Canada's housing exporters.

